Summary of Financial Results for the Fiscal Year Ended March 31, 2014

<Under Japanese GAAP> (Non-Consolidated)

May 15, 2014

Company name: JAPAN POST BANK Co., Ltd.

Website: http://www.jp-bank.japanpost.jp/

President & CEO: Yoshiyuki Izawa

CFO: Riki Mukai

Tel: 81-3-3504-9636

Trading accounts: Unestablished

Date of Ordinary General Meeting of Shareholders: June 25, 2014

Selected Financial Information for annual financial statements: Available

Investor meeting presentation: None

1. Financial results for the fiscal year ended March 31, 2014

Please note that all Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the "Bank," "we," "us," "our," and similar terms) have been rounded down to the nearest million yen, except for per share data. In addition, we define "fiscal 2014" or "FY2014" as the fiscal year ended March 31, 2014, and "fiscal 2013" or "FY2013" as the fiscal year ended March 31, 2013.

(1) Operating results

(% represents the change from the previous fiscal year)

	Revenues		Net ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2014	2,076,397	(2.3)	565,095	(4.7)	354,664	(5.1)
FY2013	2,125,888	(4.8)	593,535	3.0	373,948	11.6

	Net income per share	Diluted net income per share (*)	Net income to net assets	Net ordinary income to total assets	Net ordinary income to revenues
	(¥)	(¥)	(%)	(%)	(%)
FY2014	2,364.43	—	3.1	0.2	27.2
FY2013	2,492.98	—	3.5	0.3	27.9

* Diluted net income per share is not presented since there has been no potential dilution for the fiscal year ended March 31, 2014 and 2013.

(2) Financial conditions

	Total assets (A)	Total net assets (B)	(B/A)	Total net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
FY2014	202,512,882	11,464,524	5.6	76,430.16
FY2013	199,840,681	10,997,558	5.5	73,317.05

Reference: Net assets attributable to shareholders were ¥11,464,524 million as of March 31, 2014 and ¥10,997,558 million as of March 31, 2013.

(3) Cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
FY2014	3,974,054	6,406,457	(93,487)	18,848,622
FY2013	(529,209)	7,013,544	(83,713)	8,560,940

2. Earnings forecasts for the fiscal year ending March 31, 2015

(% represents the change from the previous fiscal year)

	Net ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)
FY2015	390,000	(30.9)	260,000	(26.6)	1,733.33

* Notes

(1) Changes in accounting policies, changes in accounting estimates and restatements

i) Changes in accounting policies due to revision of accounting standards: No

ii) Changes in accounting policies due to reasons other than i): No

iii) Changes in accounting estimates: No

iv) Restatements: No

(2) Shares outstanding (common shares)

Number of year end issued shares:

As of March 31, 2014: 150,000,000 shares

As of March 31, 2013: 150,000,000 shares

Forward-looking statements

This summary of financial results contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the operating results, financial conditions and other overall management of the Bank as a whole (the "forward-looking statements"). The forward-looking statements are made based upon, among other things, the Bank's current estimations, perceptions and evaluations. In addition, in order for the Bank to adopt such estimations, forecasts, targets and plans regarding future events, certain assumptions have been made. Accordingly, given the various risks and uncertainties, the statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result.

[Attachment]

Contents of Attachment

1. Analysis Concerning Non-Consolidated Results of Operations and Financial Conditions for the Fiscal Year Ended March 31, 2014

(1) Analysis concerning non-consolidated results of operations

Revenues for the fiscal year ended March 31, 2014 were ¥2, 076.3 billion, including ¥1,827.6 billion of interest income (mainly interest and dividends on securities) and ¥121.1 billion of fees and commissions. Meanwhile, expenses were ¥1,511.3 billion, including ¥361.7 billion of interest expenses and ¥1,095.0 billion of general and administrative expenses.

Taking into account the above, net ordinary income was ¥565.0 billion and net income was ¥354.6 billion.

(2) Analysis concerning non-consolidated financial conditions

Total assets as of March 31, 2014 were ¥202,512.8 billion. Securities were ¥166,057.8 billion, and loans were ¥3,076.3 billion.

Deposits as of March 31, 2014 were ¥176,612.7 billion (¥177,734.2 billion including accrued interest). The portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance (corresponding to postal savings for TEIGAKU savings, and others that were passed on to the organization by JAPAN POST as of September 30, 2007) included in special deposits totaled ¥26,021.9 billion.

Shareholder's equity as of March 31, 2014 increased by ¥261.1 billion from the end of fiscal 2013 on contribution of net income, and valuation and translation adjustments increased by ¥205.7 billion from the end of fiscal 2013. As a result, net assets totaled ¥11,464.5 billion. Retained earnings, included in shareholders' equity, were ¥1,702.0 billion.

2. Challenges over the coming terms

In February 2014, JAPAN POST HOLDINGS Co., Ltd. unveiled a medium-term business plan for fiscal 2015-2017, for the realization of its “Japan Post Group Vision 2021.” The plan for the three-year period ending March 31, 2017, is designed to (1) beef up the company's three main units—JAPAN POST Co., Ltd., JAPAN POST BANK Co., Ltd., and JAPAN POST INSURANCE Co., Ltd. and reinforce its operating base, (2) fulfill its obligations to ensure universal services to customers, and (3) raise its corporate value ahead of the near-term stock listing.
As being part of the JAPAN POST HOLDINGS group that seeks to become a company supporting customers’ general lifestyle needs, the Bank intends to reinforce organic ties with the post office network and boost its earnings and operating base.
In the fiscal year ending March 31, 2015, which is the first year of JAPAN POST HOLDINGS’ medium-term business plan, we will continue to strengthen our operating base, and tackle the following themes in accordance with our basic policies: emphasizing the public service and region-focused nature of our operations, responding to customers’ diverse needs for financial services, and securing stable income.

(The expansion of our marketing strategies)
Together with JAPAN POST Co., Ltd., we plan to secure net growth in deposits. We intend to provide careful and detailed services meeting the needs of our customers, and at the same time, we plan to shift our marketing focus to increase total deposit assets (including asset management products) on a net basis, strengthen marketing activities in regional areas, and boost asset management related consulting services.
In addition, we will focus on expanding fee-based businesses that have marginal impact of interest rate fluctuation by widening our lineup of investment trust and other products and bolstering earnings from ATM fees and credit card operations.
Moreover, we plan to extend our retail and corporate customer base by further improving our marketing and sales capabilities through further bolstering human resources and integrating the strengths of JAPAN POST GROUP.

(The implementation of our ALM strategy)
We will seek to secure stable income by flexibly managing our entire portfolio while keeping our focus on investment in Japanese Government Bonds. We will also enlarge our income stream and further diversify risks through global diversification of investments.
In accordance with this, we will enforce our diversified investments while keeping watchful eyes on the soundness of our portfolio and putting in place improved risk management systems and credit assessment. To meet these goals, we will strengthen foreign currency procurement and investment, manage country risks, and improve the sophistication of monitoring and credit evaluation.

(The enhancement of our internal control procedures)
Under the rigorous policy “A company cannot keep operating its business without compliance,” we will continue to thoroughly implement our business improvement plan, in cooperation with JAPAN POST Co., Ltd. We will enhance our internal control procedures by reinforcing our active compliance activities.
In addition, we will seek to further improve the functional performance of our “Yucho Direct” Internet banking service and heighten Internet trading security.

(Bolstering of our management system)
As part of our plan to strengthen our operating base, we introduced a new performance-based personnel system aimed at further motivating our employees. Employees now have the option to choose their career path as well as their compensation system. We will continue to make effective use of our human resources through strategic assignment and will continue to promote personnel training programs.
We will further heighten customer services by upgrading the user-friendliness of our retail office system and will expand investments aimed at boosting growth. In tandem, we will continue working on implementing ‘Business Process Re-engineering’ (BPR) across the Bank, in an effort to enhance productivity and to strive for effective cost management.

We see Corporate Social Responsibility (CSR) as one of our highest management priorities. In the process, we will remain focused on three key CSR themes—offering accessible services to everyone, contributing to society and regional communities, and protecting the environment. We will also keep undertaking the various measures we have taken to provide assistance to people directly affected by the Great East Japan Earthquake and to the disaster-stricken regions.

Through these initiatives, the Bank will give full play to its integrated corporate capabilities, which include human resources, networks, assets and systems. Our aim is to be “the most accessible and trustworthy Bank in Japan” and “No. 1 in customer satisfaction” in cooperation with other JAPAN POST GROUP companies’ staffs having the same JAPAN POST DNA .

3. Earnings Forecasts for the Fiscal Year Ending March 31, 2015

For the fiscal year ending March 31, 2015, JAPAN POST BANK forecasts net ordinary income of ¥390.0 billion and net income of ¥260.0 billion.

4. Non-Consolidated Financial Statements
(1) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Cash and due from banks	9,195,940	19,463,622
Cash	123,843	119,698
Due from banks	9,072,096	19,343,923
Call loans	1,837,733	1,843,569
Receivables under securities borrowing transactions	8,141,533	7,212,769
Monetary claims bought	58,835	62,272
Trading account securities	247	278
Trading Japanese government bonds	247	278
Money held in trust	3,038,863	2,919,003
Securities	171,596,578	166,057,886
Japanese Government Bonds	138,198,732	126,391,090
Japanese local government bonds	5,806,099	5,550,379
Commercial paper	548,975	333,979
Japanese corporate bonds	11,304,010	11,050,163
Japanese stocks	935	935
Other securities	15,737,826	22,731,338
Loans	3,967,999	3,076,325
Loans on deeds	3,732,809	2,830,118
Overdrafts	235,189	246,206
Foreign exchanges	3,051	30,659
Due from foreign banks	3,018	30,630
Foreign bills bought and foreign exchanges purchased	32	29
Other assets	1,636,605	1,529,309
Domestic exchange settlement accounts-debit	3,470	18,431
Prepaid expenses	10,898	7,751
Accrued income	362,754	345,089
Derivatives other than trading	7,671	5,172
Other	1,251,810	1,152,864
Tangible fixed assets	154,882	144,588
Buildings	77,365	74,550
Land	26,991	26,953
Construction in progress	19	363
Other	50,506	42,721
Intangible fixed assets	64,592	58,725
Software	55,343	52,262
Other	9,249	6,462
Customers' liabilities for acceptances and guarantees	145,000	115,000
Reserve for possible loan losses	(1,182)	(1,127)
Total assets	199,840,681	202,512,882

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Deposits	176,096,136	176,612,780
Transfer deposits	10,209,954	10,925,669
Ordinary deposits	44,900,184	45,238,071
Savings deposits	402,558	396,371
Time deposits	18,817,949	14,781,463
Special deposits	29,958,707	26,021,946
TEIGAKU deposits	71,560,721	78,994,737
Other deposits	246,060	254,519
Payables under securities lending transactions	9,443,239	10,667,591
Foreign exchanges	272	249
Foreign bills sold	32	43
Foreign bills payable	239	206
Other liabilities	2,145,910	2,511,110
Domestic exchange settlement accounts-credit	7,817	25,576
Income taxes payable	37,541	25,749
Accrued expenses	1,091,251	1,242,505
Unearned income	122	110
Derivatives other than trading	683,309	990,873
Asset retirement obligations	301	614
Other	325,566	225,680
Reserve for employees' bonuses	5,609	5,566
Reserve for employees' retirement benefits	136,247	136,848
Reserve for directors' retirement benefits	198	—
Deferred tax liabilities	870,509	999,212
Acceptances and guarantees	145,000	115,000
Total liabilities	188,843,123	191,048,358
Net Assets		
Common stock	3,500,000	3,500,000
Capital surplus	4,296,285	4,296,285
Legal capital surplus	4,296,285	4,296,285
Retained earnings	1,440,830	1,702,007
Other retained earnings	1,440,830	1,702,007
Retained earnings brought forward	1,440,830	1,702,007
Total shareholders' equity	9,237,115	9,498,293
Net unrealized gains (losses) on available-for-sale securities	2,137,265	2,563,134
Deferred gains (losses) on hedges	(376,823)	(596,903)
Total valuation and translation adjustments	1,760,442	1,966,231
Total net assets	10,997,558	11,464,524
Total liabilities and net assets	199,840,681	202,512,882

(2) Non-consolidated statements of income

(Millions of yen)

	FY2013	FY2014
Revenues	2,125,888	2,076,397
Interest income	1,876,142	1,827,610
Interest on loans	43,712	37,954
Interest and dividends on securities	1,816,271	1,768,384
Interest on call loans	3,049	3,473
Interest on receivables under securities borrowing transactions	6,409	8,076
Interest on deposits with banks	5,976	9,031
Other interest income	724	688
Fees and commissions	114,801	121,116
Fees and commissions on domestic and foreign exchanges	63,701	64,156
Other fees and commissions	51,100	56,960
Other operating income	47,524	20,487
Gains on foreign exchanges	—	1,480
Gains on sales of bonds	47,403	9,207
Gains on redemption of bonds	—	9,799
Income from derivatives other than for trading or hedging	120	—
Other income	87,419	107,183
Reversal of reserve for possible loan losses	17	37
Recoveries of written-off claims	17	22
Gains on money held in trust	84,391	103,858
Other	2,993	3,265
Expenses	1,532,352	1,511,302
Interest expenses	349,831	361,747
Interest on deposits	271,837	255,035
Interest on payables under securities lending transactions	11,623	13,053
Interest on borrowings	0	0
Interest on interest rate swaps	65,793	92,906
Other interest expenses	577	751
Fees and commissions	26,675	28,426
Fees and commissions on domestic and foreign exchanges	2,645	2,963
Other fees and commissions	24,029	25,462
Other operating expenses	43,473	14,731
Losses on foreign exchanges	40,236	—
Losses on sales of bonds	3,236	14,731
General and administrative expenses	1,110,767	1,095,016
Other expenses	1,605	11,382
Losses on money held in trust	1	2
Other	1,603	11,379
Net ordinary income	593,535	565,095

(Millions of yen)

	FY2013	FY2014
Extraordinary loss	1,983	628
Losses on sales and disposals of fixed assets	874	562
Losses on impairment of fixed assets	606	65
Group restructuring expenses	501	―
Income before income taxes	591,552	564,467
Income taxes		
Current	227,940	187,855
Deferred	(10,335)	21,946
Total income taxes	217,604	209,802
Net income	373,948	354,664

(3) Non-consolidated statements of changes in net assets

For the fiscal year ended March 31, 2013

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
			Other retained earnings	
		Legal capital surplus	Retained earnings brought forward	
Balance at the beginning of the fiscal year	3,500,000	4,296,285	1,150,595	8,946,881
Changes during the fiscal year				
Cash dividends			(83,713)	(83,713)
Net income			373,948	373,948
Net changes in items other than shareholders' equity				
Total changes during the fiscal year	—	—	290,234	290,234
Balance at the end of the fiscal year	3,500,000	4,296,285	1,440,830	9,237,115

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	941,871	(70,589)	871,281	9,818,162
Changes during the fiscal year				
Cash dividends				(83,713)
Net income				373,948
Net changes in items other than shareholders' equity	1,195,394	(306,233)	889,161	889,161
Total changes during the fiscal year	1,195,394	(306,233)	889,161	1,179,395
Balance at the end of the fiscal year	2,137,265	(376,823)	1,760,442	10,997,558

For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
			Other retained earnings	
		Legal capital surplus	Retained earnings brought forward	
Balance at the beginning of the fiscal year	3,500,000	4,296,285	1,440,830	9,237,115
Changes during the fiscal year				
Cash dividends			(93,487)	(93,487)
Net income			354,664	354,664
Net changes in items other than shareholders' equity				
Total changes during the fiscal year	—	—	261,177	261,177
Balance at the end of the fiscal year	3,500,000	4,296,285	1,702,007	9,498,293

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	2,137,265	(376,823)	1,760,442	10,997,558
Changes during the fiscal year				
Cash dividends				(93,487)
Net income				354,664
Net changes in items other than shareholders' equity	425,869	(220,080)	205,788	205,788
Total changes during the fiscal year	425,869	(220,080)	205,788	466,966
Balance at the end of the fiscal year	2,563,134	(596,903)	1,966,231	11,464,524

(4) Non-consolidated statements of cash flows

(Millions of yen)

	FY2013	FY2014
Cash flows from operating activities		
Income before income taxes	591,552	564,467
Depreciation and amortization	25,812	33,480
Losses on impairment of fixed assets	606	65
Net change in reserve for possible loan losses	(27)	(54)
Net change in reserve for employees' bonuses	424	(43)
Net change in reserve for employees' retirement benefits	265	600
Net change in reserve for directors' retirement benefits	27	(198)
Interest income	(1,876,142)	(1,827,610)
Interest expenses	349,831	361,747
Losses (gains) related to securities – net	(44,166)	(4,275)
Losses (gains) on money held in trust – net	(84,389)	(103,856)
Foreign exchange losses (gains) – net	(97,934)	(279,812)
Losses on sales and disposals of fixed assets – net	874	562
Net change in loans	165,141	890,310
Net change in deposits	460,766	516,644
Net change in negotiable certificates of deposit	(50,000)	20,000
Net change in call loans, etc	(595,419)	(9,577)
Net change in receivables under securities borrowing transactions	(2,362,705)	928,763
Net change in payables under securities lending transactions	1,141,147	1,224,351
Net change in foreign exchange assets	(421)	(27,608)
Net change in foreign exchange liabilities	119	(23)
Interest received	2,064,065	2,012,796
Interest paid	(172,694)	(206,278)
Other – net	196,648	85,524
Subtotal	(286,616)	4,179,978
Income taxes paid	(242,592)	(205,923)
Net cash provided by (used in) operating activities	(529,209)	3,974,054
Cash flows from investing activities		
Purchases of securities	(79,956,927)	(35,006,121)
Proceeds from sales of securities	3,117,463	1,851,186
Proceeds from maturity of securities	83,767,734	39,196,659
Investment in money held in trust	(741,790)	(169,900)
Proceeds from disposition of money held in trust	860,899	551,125
Purchases of tangible fixed assets	(10,446)	(7,773)
Purchases of intangible fixed assets	(22,988)	(8,640)
Other – net	(400)	(77)
Net cash provided by (used in) investing activities	7,013,544	6,406,457
Cash flows from financing activities		
Cash dividends paid	(83,713)	(93,487)
Net cash used in financing activities	(83,713)	(93,487)
Effect of exchange rate changes on cash and cash equivalents	687	658
Net change in cash and cash equivalents	6,401,309	10,287,682
Cash and cash equivalents at the beginning of the fiscal year	2,159,630	8,560,940
Cash and cash equivalents at the end of the fiscal year	8,560,940	18,848,622

(5) Notes to Financial Statements

Notes on going-concern assumption

None

Significant accounting policies

1. Trading account securities

Trading account securities are reported at fair value.

2. Securities

Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost (straight-line method) determined by the moving-average method.

Investments in affiliates are reported at cost determined by the moving-average method.

Available-for-sale securities that are not classified as either of the aforementioned securities are primarily carried at the fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). Net unrealized gains and losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are reported in a separate component of net assets.

Securities invested in money held in trust are stated at fair value. The balance sheet amount is stated at the average market price of the final month of the fiscal year for equity securities and at the market price at the balance sheet date for other securities (the costs of other securities sold are determined primarily based on the moving-average method). Unrealized gains and losses on these securities, net of applicable income taxes, are reported in a separate component of net assets.

3. Derivatives

Derivatives are stated at fair value.

4. Fixed assets

(1) Tangible fixed assets

Depreciation of tangible fixed assets is computed by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

(2) Intangible fixed assets

The amortization of intangible fixed assets is computed by the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).

5. Reserves

(1) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants <JICPA>, Special Committee for Audits of Banks, etc., Report No. 4), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

(2) Reserve for employees’ bonuses

The reserve for employees’ bonuses is provided for the estimated amount of employees’ bonuses attributable to the fiscal year.

(3) Reserve for employees’ retirement benefits

The reserve for employees’ retirement benefits, which is provided for future payments to employees, is recorded in the amount deemed accrued based on the projected benefit obligation at the end of the fiscal year ended March 31, 2014. The method of attributing projected benefit obligation to the period until the fiscal year ended March 31, 2014 is the straight-line attribution basis.

Actuarial gains and losses are recognized in income or expenses using the straight-line method over the average expected remaining service years (10 years) from the following year after they are incurred.

6. Foreign currency transactions

Foreign currency denominated assets and liabilities at the balance sheet date are translated into Japanese yen principally at the exchange rates in effect at the balance sheet date.

7. Hedge accounting

(1) Hedging against interest rate risks

The Bank uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets and liabilities. In principle, the Bank applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets and liabilities.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Bank applies the deferred hedge accounting method as stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Report No. 24 of the Industry Audit Committee of JICPA).

To evaluate the effectiveness of portfolio hedges on groups of large-volume, small-value monetary debts, the Bank designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how they offset changes in the fair value of hedge items by grouping them into their maturities.

The Bank considers the individual hedges deemed to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.

For some financial assets and liabilities, the Bank applies special accounting treatment for interest rate swaps.

(2) Hedging against foreign exchange fluctuation risks

The Bank applies the deferred hedge accounting method, the fair value hedge accounting method, and the accounting method translating foreign currency receivables at forward rates to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains/losses on available-for-sale securities exposed to the risks of foreign exchange fluctuation risk.

In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Bank applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

In case of the individual hedges, the Bank considers its hedges to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items and hedging instruments are almost the same.

8. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash and due from banks on the balance sheet, excluding negotiable certificates of deposit in other banks.

9. Others

(1) Consumption taxes

The Bank is subject to Japan's national and local consumption taxes. Japan's national and local consumption taxes are excluded from transaction amounts.

(2) Income taxes

The Bank adopts the consolidated taxation system designating JAPAN POST HOLDINGS Co., Ltd. as the parent company.

Notes related to non-consolidated balance sheets

1. Japanese Government Bonds include ¥100,660 million of secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).
   The Bank had the right to sell or pledge without restriction for securities held amounting to ¥7,214,612 million among the securities borrowed under the contract of loan for consumption (securities borrowing transactions) and those borrowed with cash collateral under securities lending agreements.
2. There were no loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more, or restructured loans.
3. Accumulated depreciation of tangible fixed assets was ¥163,128 million.
4. Monetary assets to affiliates amounted to ¥4,622 million and monetary liabilities to affiliates totaled ¥259,981 million.
5. "Transfer deposits" correspond to "Current deposits" and "TEIGAKU deposits" to "Other deposits" in liabilities in accordance with the Ordinance for Enforcement of the Banking Act. Special deposits represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency. "TEIGAKU deposits" are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime after six months from the inception of the deposits. The effective interest rates put on deposits rise in a staircase pattern, with duration of up to three years.

Notes related to non-consolidated statements of income

1. Income earned from transactions with affiliated companies was as follows.

Total other operating income and other ordinary income:	¥11 million

2. Expenses on transactions with affiliated companies were as follows.

Total interest expenses:	¥135 million
Other expenses:	¥58,176 million

Notes related to non-consolidated statements of changes in net assets

1. Type and number of outstanding shares issued for the fiscal year ended March 31, 2014 was as follows:

(Thousand shares)

	Number of shares outstanding at the beginning of the fiscal year	Increase	Decrease	Number of shares outstanding at the end of the fiscal year	Notes
Common stock	150,000	―	―	150,000	―

2. Dividends distributed during the fiscal year ended March 31, 2014

Resolution	Type	Cash dividends (¥ million)	Cash dividends per share (¥)	Record date	Effective date
May 9, 2013 at the meeting of the Board of Directors	Common stock	93,487	623.25	March 31, 2013	May 10, 2013

Notes related to non-consolidated statements of cash flows

The reconciliation between cash and cash equivalents in the statement of cash flows and cash and due from banks in the balance sheet as of March 31, 2014 was as follows:

(Millions of yen)

Cash and due from banks	19,463,622
Due from banks ―negotiable certificates of deposit in other banks	(615,000)
Cash and cash equivalents	18,848,622

Financial instruments

1. Notes related to the conditions of financial instruments

(1) Policy for handling financial instruments

The Bank's operations comprise deposit-taking up to designated limits, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese Government Bonds, investment trusts, and insurance products, intermediary services including mortgages, and credit card operations.

The Bank raises funds primarily through deposits from individuals, and subsequently manages those funds by investing in securities including Japanese bonds, which mainly consist of Japanese Government Bonds, foreign bonds, etc., as well as by making loans. Most of these financial assets and liabilities are subject to price fluctuations associated with interest rate movements and other risks, making it necessary to manage them so that future interest rate and foreign exchange rate movements do not have a negative impact on the Bank including affecting the stability of its earnings. The Bank therefore strives to appropriately manage its earnings and risks using integrated asset-liability management (ALM), and as part of this, engages in derivative transactions including interest rate swaps, currency swaps and others.

Since its incorporation in October 2007, the Bank has diversified its earnings sources through investment diversification and consequently the outstanding amount of financial assets with credit risk has steadily grown. However, these investments are made with careful regard to the securities in which the Bank invests and the amount invested so that the occurrence of a credit risk event or other factors will not result in excessive losses.

(2) Details of financial instruments and associated risks

The financial assets held by the Bank are securities including Japanese bonds, which mainly consist of Japanese Government Bonds, and foreign bonds. These financial assets contain credit risk with regard to the issuer and risks associated with interest rate fluctuations, market price movements, and other factors. Financial assets also include loans and equity investments via money held in trust, but the amounts of these investments are significantly less than those of bonds and other securities.

From the viewpoints of the Bank's asset and liability management (ALM), the Bank utilizes interest rate swaps as hedging instruments for interest rate-related instruments to avoid the risk of changes in future economic values of securities, loans, and time deposits on fluctuations of the yen interest rate. For currency-related instruments, the Bank utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated assets (bonds) held by the Bank and related yen translation amounts of redemption of principal and interest.

Derivatives which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes.

The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in the section “Significant accounting policies 7. Hedge accounting.”

(3) Risk management structure for financial instruments

(i) Basic policy

The Executive Committee has established special advisory committees, the Risk Management Committee and the ALM Committee, to handle risk management responsibilities. These advisory committees submit risk management reports based on the nature of each risk and discuss risk management policies and measures.

(ii) Credit risk

The Bank manages credit risk using Value at Risk (VaR: a statistical method that identifies the maximum loss possible based on designated probabilities in the financial assets and liabilities held) based on internal guidelines to quantitatively measure the amount of credit risk. The Bank sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of credit risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

In order to control credit concentration, the Bank has set credit limits for individual companies and corporate groups according to their creditworthiness and monitors the portfolios in an appropriate manner by adhering to these limits. The Risk Management Department oversees the Bank’s internal credit rating system, self-assessments of loans, and other credit risk management activities. The Credit Department assigns internal credit ratings, monitors borrower status, watches large borrowers, and judges individual loans.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the credit risk management structure, and matters related to the implementation of credit risk management.

(iii) Market risk

As per the Bank’s ALM policy, the Bank makes investments in instruments including Japanese and foreign bonds and equities as part of its banking operations, and these investments may therefore be affected by interest rate, exchange rate, share price and other fluctuations. However, based on internal guidelines regarding market risk management, the Bank measures the amount of market risk using the

VaR statistical method. The Bank sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of market risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

The main financial instruments held by the Bank or transactions undertaken by the Bank that are affected by changes in variable components of major market risk (interest rates, currency exchange rates, stock prices) are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The Bank measures and manages market risk using the VaR method. For its market risk measurement model, the Bank uses a historical simulation method (holding period of 240 operating days (one year); confidence interval of 99%; observation period of 1,200 days (five years)). From the fiscal year ended March 31, 2014, the Bank has improved its internal model for liabilities to better reflect its actual status and increase its accuracy. In addition, it has revised its method and recognizes the risk posed by credit spread fluctuations of corporate bonds and other instruments as a market risk, rather than as a credit risk.

As of March 31, 2014, the Bank calculates its market risk volume (estimated potential losses from such risk) at ¥2,692,520 million. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Bank conducts stress testing using a variety of scenarios.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the market risk management structure, and matters related to the implementation of market risk management.

In addition, the Bank has a distinctive asset and liability structure, with Japanese Government Bonds accounting for the majority of its assets and TEIGAKU deposits for a majority of its liabilities. Recognizing the importance of the impact of interest rate risk on the Bank’s profit structure, the Bank closely monitors and carefully controls interest rate risk by performing earnings simulations based on various market scenarios as part of its ALM.

Policy with regard to its ALM is discussed and determined at meetings of the Executive Committee, and the status of its implementation is reported to the ALM Committee and the Executive Committee.

The Bank manages market risk that arises from derivative transactions by separating the responsibilities of executing transactions, evaluating the effectiveness of hedges and operational management, and by establishing an internal control structure, based on internal guidelines related to derivatives.

(iv) Funding liquidity risk

The Bank’s funding liquidity risk management consists primarily of closely monitoring funding conditions and taking timely and appropriate actions. It then maintains appropriate liquidity reserves for unexpected fund outflows.

Through these steps, the Bank sets, monitors, and analyzes its funding liquidity indicators to ensure stable liquidity management.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the funding liquidity risk management structure and matters related to the implementation of funding liquidity risk management.

(4) Supplementary explanation of items related to the fair value of financial instruments

The Bank determines the fair value of financial instruments based on the market price, but could use a rational estimate in cases where a market price does not exist. Various assumptions are used in these price estimates, and these prices may differ based on different assumptions and other factors.

2. Notes related to the fair value of financial instruments

The amounts on the balance sheet, the fair values, and the differences between the two as of March 31, 2014, were as follows. Insignificant balance sheet accounts are not disclosed.

(Millions of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks	19,463,622	19,463,622	—
(2) Call loans	1,843,569	1,843,569	—
(3) Receivables under securities borrowing transactions	7,212,769	7,212,769	—
(4) Monetary claims bought	62,272	62,272	—
(5) Trading account securities			
Securities classified as trading purposes	278	278	—
(6) Money held in trust	2,919,003	2,919,003	—
(7) Securities			
Held-to-maturity securities	89,602,957	92,084,639	2,481,681
Available-for-sale securities	76,453,993	76,453,993	—
(8) Loans	3,076,325		
Reserve for possible loan losses (*)	(117)		
	3,076,208	3,164,803	88,594
Total assets	200,634,676	203,204,952	2,570,276
(1) Deposits	176,612,780	177,267,508	654,728
(2) Payables under securities lending transactions	10,667,591	10,667,591	—
Total liabilities	187,280,371	187,935,100	654,728
Derivative transactions (**)			
For which hedge accounting is not applied	141	141	—
For which hedge accounting is applied	(985,842)	(985,842)	—
Total derivative transactions	(985,700)	(985,700)	—

* Reserve for possible loan losses is the general reserve for possible loan losses corresponding to loans.

** Figures are total derivative transactions recorded as other assets or other liabilities.

The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

Hedges covered by designation of foreign exchange forward contracts, etc., are treated as being an inseparable part of the foreign securities being hedged, and their fair value is therefore included in that of corresponding foreign securities.

(Note 1) Valuation methodology for financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks that do not have a maturity date is approximately the same as their book value, and therefore the Bank uses the book value as the fair value. For due from banks that have a maturity date, their contract tenors are short term (within one year) and their fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

(2) Call loans, (3) Receivables under securities borrowing transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

(4) Monetary claims bought

The Bank uses the price provided by the broker, etc., as the fair value.

(5) Trading account securities

The Bank uses the purchase price of the Bank of Japan as the fair value.

(6) Money held in trust

For invested securities representing trust assets in money held in trust, the Bank uses the price at the exchange market for equities and the Reference Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value.

Notes pertaining to money held in trust by holding purpose are included in the section “Money held in trust.”

(7) Securities

For bonds, the Bank uses the price at the exchange market, the Reference Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, and the comparable price method, or the price provided by the broker, etc., as the fair value. The Bank uses the funds’ unit price for investment trust as the fair value.

Notes pertaining to securities by holding purpose are included in the section “Securities.”

(8) Loans

Loans with floating interest rates reflect market interest rates within the short term. Unless a borrower’s credit standing has changed significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value. For fixed-rate loans, the Bank calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Bank uses the book value as the fair value.

Liabilities

(1) Deposits

For demand deposits including transfer deposits and ordinary deposits, the Bank uses the amount that might be paid on demand at the balance sheet date (the book value) as the fair value.

For fixed-term deposits including time deposits and TEIGAKU deposits, the Bank classifies the deposits by specified tenors and then calculates the present value by discounting the projected future cash flow. In addition, for TEIGAKU deposits, the projected future cash flow reflects an early cancellation rate calculated using historical results. The Bank uses the interest rates on newly accepted fixed-term deposits as the discount rates.

(2) Payables under securities lending transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

Derivative transactions

Derivative transactions consist of interest rate-related transactions (interest rate swaps) and currency-related instruments (foreign exchange forward contracts, currency swaps), and the Bank calculates the fair value using the discounted present value, etc.

(Note 2) The amount on the balance sheet of financial instruments for which the Bank deems it extremely difficult to determine a fair value was as follows. The fair value information for these financial instruments is not included in “Assets (7) Securities.”

(Millions of yen)

Type	Amount on the balance sheet
Securities of affiliates (unlisted)	935

(Note 3) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year ended March 31, 2014 were as follows:

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	19,343,923	—	—	—	—	—
Call loans	1,843,569	—	—	—	—	—
Receivables under securities borrowing transactions	7,212,769	—	—	—	—	—
Monetary claims bought	63	1,378	13,761	10,000	7,000	29,122
Securities	34,050,652	42,827,443	25,328,349	19,740,209	30,978,206	2,887,917
Held-to-maturity securities	23,724,520	27,521,919	13,315,184	7,475,531	17,502,070	—
Available-for-sale securities (with maturity date)	10,326,131	15,305,523	12,013,164	12,264,678	13,476,136	2,887,917
Loans	764,855	871,196	479,258	422,462	304,334	230,431
Total	63,215,833	43,700,018	25,821,369	20,172,672	31,289,540	3,147,471

(Note 4) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year ended March 31, 2014 were as follows:

(Millions of yen)

	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	76,030,031	11,218,546	32,951,793	22,382,440	34,029,968	—
Payables under securities lending transactions	10,667,591	—	—	—	—	—
Total	86,697,623	11,218,546	32,951,793	22,382,440	34,029,968	—

* Demand deposits are included in “One Year or Less.”

Securities

The fair value information of securities was as follows.

Securities discussed here include trading account securities, negotiable certificates of deposit recorded under cash and due from banks, monetary claims bought, as well as Japanese Government Bonds, Japanese local government bonds, commercial paper, Japanese corporate bonds, Japanese stocks, and other securities listed on the balance sheet.

1. Trading account securities as of March 31, 2014

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the statement of income for the fiscal year.

2. Held-to-maturity securities as of March 31, 2014

(Millions of yen)

	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese Government Bonds	80,965,607	83,250,657	2,285,049
	Japanese local government bonds	1,185,705	1,213,665	27,960
	Japanese corporate bonds	5,092,189	5,252,371	160,181
	Others	165,235	227,832	62,597
	Total	87,408,737	89,944,525	2,535,788
Those for which the fair value does not exceed the amount on the balance sheet	Japanese Government Bonds	1,993,687	1,993,605	(81)
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	200,532	200,495	(37)
	Others	—	—	—
	Total	2,194,220	2,194,100	(119)
Total		89,602,957	92,138,626	2,535,669

3. Investments in subsidiaries, etc. and affiliates, etc. as of March 31, 2014

There were no investments in subsidiaries, etc.

The securities of affiliates, etc. (¥935 million) were all unlisted, and did not have a market price. Since it was extremely difficult to determine a fair value of the securities, the fair value and the difference were not disclosed.

4. Available-for-sale securities whose fair value is available as of March 31, 2014

(Millions of yen)

	Type	Amount on the balance sheet	Acquisition cost	Difference
Those for which the amount on the balance sheet exceeds the acquisition cost	Bonds	51,313,916	49,877,182	1,436,733
	Japanese Government Bonds	41,792,292	40,617,193	1,175,098
	Japanese local government bonds	4,154,660	4,034,384	120,275
	Commercial paper	—	—	—
	Japanese corporate bonds	5,366,963	5,225,604	141,358
	Others	21,399,537	19,163,334	2,236,203
	Total	72,713,454	69,040,517	3,672,937
Those for which the amount on the balance sheet does not exceed the acquisition cost	Bonds	2,573,973	2,584,114	(10,140)
	Japanese Government Bonds	1,639,501	1,639,635	(133)
	Japanese local government bonds	210,014	210,378	(364)
	Commercial paper	333,979	333,979	—
	Japanese corporate bonds	390,478	400,120	(9,642)
	Others	1,843,837	1,849,339	(5,501)
	Total	4,417,811	4,433,453	(15,641)
Total		77,131,266	73,473,970	3,657,295

Note: Of the difference shown above, ¥330,537 million is included in the statements of income as profit because of the application of fair value hedge accounting.

5. Held-to-maturity securities sold during the fiscal year ended March 31, 2014

There were no held-to-maturity securities sold during the fiscal year ended March 31, 2014.

6. Available-for-sale securities sold during the fiscal year ended March 31, 2014

(Millions of yen)

	Sales proceeds	Total realized gains	Total realized losses
Bonds	1,572,513	8,973	(8,395)
Japanese Government Bonds	1,560,117	8,484	(8,277)
Japanese corporate bonds	12,396	489	(117)
Others	278,672	233	(6,335)
Total	1,851,186	9,207	(14,731)

7. Securities for which accounting for impairment was applied

For securities (excluding trading securities) with market quotations, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities at fair value on the balance sheet and charges valuation differences to income (hereafter "impairment losses") in the year in which they are recognized. No impairment loss was recognized for the fiscal year ended March 31, 2014.

The criteria for determining if a security's fair value shows a "substantial decline" are as follows:

a) Securities other than bonds
- Securities whose fair value is 50% or less than the acquisition cost, or
- Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

b) Bonds
- Securities whose fair value is 70% or less than the acquisition cost

Money held in trust

The fair value information of money held in trust was as follows.

1. Money held in trust for the purpose of trading as of March 31, 2014

The Bank did not hold money held in trust for the purpose of trading.

2. Money held in trust for the purpose of held-to-maturity as of March 31, 2014

The Bank did not hold money held in trust for the purpose of held-to-maturity.

3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2014

(Millions of yen)

	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as: Available-for-sale	2,919,003	2,263,320	655,682	661,280	(5,597)

Notes: (1) The amount on the balance sheet are stated at the average market price of the final month for the fiscal year for equity securities and at the market price at the balance sheet date for other securities.

(2) "Those for which the amount on the balance sheet exceeds the acquisition cost" and "Those for which the amount on the balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

4. Money held in trust for which accounting for impairment was applied

For the money held in trust (excluding money held in trust for the purpose of trading) that are under management as trust assets, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities at fair value on the balance sheet and charges valuation differences to income (hereafter “impairment losses”) in the year in which they are recognized. The amount of impairment losses for the fiscal year ended March 31, 2014 amounted to ¥840 million.

The criteria for determining if a security's fair value shows a "substantial decline" are as follows:

a) Securities other than bonds
- Securities whose fair value is 50% or less than the acquisition cost, or
- Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

b) Bonds
- Securities whose fair value is 70% or less than the acquisition cost

Employees’ retirement benefits

1. Outline of employees’ retirement benefits

The Bank has a lump-sum retirement payment plan for employees based on the internal retirement benefit rule.

2. Defined-benefit plan

(1) Projected benefit obligation at the beginning and the end of the fiscal year ended March 31, 2014 was as follows:

(Millions of yen)

Projected benefit obligation at the beginning of the fiscal year	128,120
Service cost	6,349
Interest cost on projected benefit obligation	2,185
Unrecognized net actuarial losses in the fiscal year	(49)
Retirement benefits paid	(7,230)
Others	323
Projected benefit obligation at the end of the fiscal year	129,697

(2) Projected benefit obligation at the end of the fiscal year and employees’ retirement benefits on the balance sheets for the fiscal year ended March 31, 2014 were as follows:

(Millions of yen)

Unfunded projected benefit obligation	129,697
Unrecognized net actuarial losses	7,150
Net amount recorded on the balance sheets	136,848
Reserve for employees’ retirement benefits	136,848
Net amount recorded on the balance sheets	136,848

(3) Retirement benefit cost and its breakdown for the fiscal year ended March 31, 2014 were as follows:

	(Millions of yen)
Service cost	6,349
Interest cost on projected benefit obligation	2,185
Amortization of unrecognized net actuarial losses	(1,027)
Others	152
Total retirement benefit costs related to the defined-benefit plan	7,660

(4) The major assumptions used in the calculation of the above information at the end of the fiscal year ended March 31, 2014 were set forth as follows:

Discount rate	1.7%

Deferred tax assets/liabilities

1. The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2014 were as follows:

	(Millions of yen)
Deferred tax assets	
Reserve for possible loan losses	179
Reserve for employees' retirement benefits	48,771
Depreciation	13,813
Accrued interest on deposits	12,411
Impairment losses of money held in trust	2,103
Net deferred losses on hedges	330,528
Accrued enterprise taxes	5,488
Other	19,246
Total deferred tax assets	432,542
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	(1,419,306)
Other	(12,448)
Total deferred tax liabilities	(1,431,754)
Net deferred tax assets (liabilities)	(999,212)

2. Adjustment of deferred tax assets and liabilities following the change in the corporation tax, etc.

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014, and accordingly, the special corporation tax for reconstruction will no longer be levied from fiscal years beginning on or after April 1, 2014. As a result, the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities has been revised to 35.63%, from 38.01%. The lowered rate has been applied to the temporary differences that are expected to be deductible in the fiscal year beginning on April 1, 2014. In response to this change in the tax rate, deferred tax liabilities decreased by ¥2,920 million, net unrealized gains on available-for-sale securities increased by ¥5,017 million and deferred income taxes increased by ¥2,096 million.

Profit or loss from equity method

The details for the fiscal year ended March 31, 2014 were as follows:

	(Millions of yen)
Investments in affiliates	935
Investments, if equity method accounting is adopted	912
Investment gains (losses), if equity method accounting is adopted	(11)

Per share data

Net assets per share as of March 31, 2014 and net income per share for the year then ended were as follows:

	(¥)
Net assets per share	76,430.16
Net income per share	2,364.43

Note: Diluted net income per share is not presented since there has been no potential dilution for the year ended March 31, 2014.

Subsequent event

None